

Chapter Ins 26

APPENDIX 3 – LIFE INSURANCE COURSE REQUIREMENTS

SECTION A

- I. Principles of Insurance — 1 Hour
 - A. Definition of risk
 - B. Risk management
 - C. Insurable and noninsurable risk
 - D. Pooling concept—law of large numbers
 - E. Types of insurance companies
 - F. Reinsurance
- II. General Wisconsin Insurance Laws — 4 Hours
 - A. Duties and powers of Insurance Commissioner—statutory and rule-making
 - B. Knowledge of administrative action process, including hearings and penalties
 - C. Purpose of licensing, including procedures and who must be licensed
 - D. Record keeping and changes in agent status, including change of name or address
 - E. Agent license expiration, revocation, suspension, and limitation
 - F. General regulations regarding misrepresentation, knowledge of acts of agent, rebating
 - G. Regulation of specific insurance contract changes regarding cancellation, nonrenewal, notice of proof of loss, and payment of claims
 - H. Unfair claims methods and practices—timely payment of claims
 - I. Fair rating practices
 - J. Home and telephone solicitation requirements
 - K. Section 628.32, Wis. Stat., written disclosure of fees other than commissions
 - L. Controlled business
 - M. Proper exchange of business
 - N. Unfair marketing practices
 - 1. Misrepresentation
 - 2. Unfair inducement
 - 3. Unfair discrimination
 - 4. Extra charges
 - 5. Influencing employers
 - 6. Unfair use of official position
 - 7. Returning indicia of agency
 - 8. Churning
 - 9. Twisting
 - 10. Restraint of competition
 - 11. Unfair restriction of contracting parties choice of insurer
 - O. Insurance contracts in Wisconsin
- III. Ethics — 3 Hours
 - A. Fiduciary duties and responsibilities
 - B. Conflict of interest
 - C. Ethical marketing practices, including fair and ethical treatment of policyholders
 - D. Appropriate claims practices
 - E. Suitability of product to client
 - F. Social responsibility of insurance agent
 - G. Agent/company relationships
 - H. Maintaining appropriate insurance expertise

SECTION B

- IV. Life Insurance — 9 Hours
 - A. Purpose of life insurance
 - B. Types of policies
 - 1. Term life
 - a. Level term
 - b. Decreasing term
 - c. Increasing term
 - d. Special features
 - (1) Renewable
 - (2) Convertible
 - 2. Whole life
 - a. Ordinary life
 - b. Limited pay policies
 - c. Single pay policy
 - d. Modified and graded premium whole life
 - e. Adjustable life
 - 3. Interest-sensitive life products
 - a. Variable life
 - b. Universal life
 - c. Variable universal life
 - d. Interest-sensitive whole life
 - 4. Endowment
 - 5. Combination plans
 - a. Family policy
 - b. Family income policy
 - c. Family maintenance policy
 - d. Joint life
 - e. Survivorship life
 - 6. Annuities – non-qualified
 - a. Single, level, and flexible premium
 - b. Immediate and deferred
 - c. Fixed and variable
 - 7. Retirement plans – qualified
 - a. Individual Retirement Account (IRA)
 - b. 403(b) Plan – Tax Sheltered Annuity (TSA)
 - c. Simplified Employee Pension (SEP)
 - d. Self-employed Keogh (HR-10) Plans
 - e. 401 (k) Plans
 - f. Defined contribution plan
 - g. Defined benefit plan
 - 8. Group life insurance
 - 9. Life insurance sold to fund prearranged funeral plans
 - 10. Viatical settlements
 - C. Other insurance concepts
 - 1. Business insurance
 - a. Key employee life
 - b. Buy and sell agreement
 - c. Split dollar plan
 - 2. Third-party ownership
 - 3. Accelerated death benefits – living benefits
 - D. Social security benefits and taxes
 - 1. Retirement benefits
 - 2. Survivorship benefits
 - 3. Disability benefits

- 4. Tax treatment of insurance premiums, proceeds, dividends
 - a. Individual life
 - b. Group life
 - c. 1035 exchange form
- E. Policy Riders, provisions, options, and exclusions
 - 1. Policy riders
 - a. Waiver of premium
 - b. Guaranteed insurability
 - c. Payor benefit
 - d. Accidental death and dismemberment
 - e. Term riders
 - f. Other insureds
 - 2. Policy provisions and options
 - a. Entire contract provision
 - b. Insuring clause
 - c. Free look
 - d. Consideration
 - e. Owner's rights
 - f. Beneficiary designations
 - (1) Primary, contingent, and tertiary
 - (2) Revocable and irrevocable
 - (3) Changes
 - (4) Common disaster
 - g. Premium payment
 - (1) Modes
 - (2) Grace period
 - (3) Automatic premium loan
 - (4) Level or flexible
 - h. Reinstatement
 - i. Policy Loans, withdrawals, partial surrenders
 - j. Nonforfeiture options
 - k. Dividends and dividend options
 - l. Incontestability
 - m. Assignments
 - n. Suicide
 - o. Misstatement of age
 - p. Settlement options
 - 3. Policy exclusions
- F. Completing and application, underwriting, and delivering the policy
 - 1. Completing the application
 - a. Required signatures
 - b. Changes in the application
 - c. Consequences of incomplete applications
 - d. Warranties and representations
 - e. Collecting the initial premium and issuing the receipt
 - 2. Underwriting
 - a. Insurable interest
 - b. Medical information and consumer reports
 - c. Fair Credit Reporting Act
 - d. Risk classification
 - 3. Delivering the policy
 - a. When coverage begins
 - b. Explaining the policy and its provisions, riders, exclusions, and ratings to the client
- V. Wisconsin Life Insurance Law — 3 Hours
 - A. Life insurance marketing
 - 1. Bonuses
 - 2. Policy replacement
 - 3. Backdating
 - 4. Proposal requirements
 - 5. Life insurance sold with a mutual fund
 - 6. disclosure requirements – life insurance
 - 7. Policy summary/life insurance illustrations
 - 8. Other selling requirements
 - 9. Requirements for advertisements, representations, and solicitations
 - 10. Disclosure requirements – annuities
 - 11. Preliminary contract summary
 - B. Definition of a variable contract
 - C. Contestability of individual life policies by insurer
 - D. Assignment of rights
 - E. Misstatement of age
 - F. Designation of beneficiary
 - G. Special requirement related to AIDS
 - H. State life insurance fund